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STATE OF WISCONSIN  
BEFORE THE INTEREST ARBITRATOR

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

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In the matter of the petition of

Daniel Nielsen, Arbitrator

Berlin Area School District

Decision No. 26241-A

To Initiate Arbitration Between  
Said Petitioner And

Order Appointing: 12/12/89

Hearing: 02/16/90

Record Closed: 04/06/90

Berlin Education Association

Date of Award: 05/20/90

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Appearances:

Wisconsin Association of School Boards, Inc., Post Office Box 160, Winneconne, WI 54986 by Mr. William Bracken, Director, Employee Relations, appearing on behalf of the Berlin Area Schools.

South Central United Educators, 214 West Cook Street, Post Office Box 192, Portage, WI 53901, by Mr. James Yoder, Executive Director, appearing on behalf of the Berlin Education Association.

**Arbitration Award**

The Berlin Area School District (hereinafter referred to as the District) and the Berlin Education Association (hereinafter referred to as the Association) are parties to a collective bargaining agreement covering certified teaching personnel of the District. The agreement expired on June 30, 1989 and negotiations over a successor agreement became deadlocked. An impasse was certified by the Wisconsin Employment Relations Commission on November 21, 1989, and the undersigned was thereafter selected as arbitrator from a panel supplied by the WERC.

A hearing was held on February 16, 1990 at the District's offices in Berlin, Wisconsin, at which time the parties were afforded full opportunity to present such testimony, exhibits, other evidence and arguments as were relevant. The parties submitted post-hearing briefs, which were exchanged through the undersigned on April 6, 1990, whereupon the record was closed.

Now, having considered the evidence, the arguments of the parties, the record as a whole, and the statutory criteria, the undersigned makes the following Award.

## **I. The Final Offers**

The issue in this case is the level of increase for salaries in the 1989-90 and 1990-91 school years. The salary schedule in the predecessor agreement featured five educational lanes (BA with 14 experience steps, BA+15 with 15 experience steps, BA+30 with 15 experience steps, Masters and MA+15, each with 16 experience steps) and a BA Base salary of \$17,560. In negotiations, the parties agreed to modify this structure to increase the number of BA educational lanes. Both final offers reflect a BA, BA+10, BA+20, BA+30, BA+40/Masters, and an MA+15. The BA+10, BA+20 and BA+30 lanes all have 15 experience steps.

The Board proposes a BA Base of \$18,500 in 1989-90 and \$19,550 in 1990-91, with an average per teacher salary increase of \$1,442 in the first year and \$1,454 in the second year. The Association offers a somewhat lower BA Base in each year, \$18,215 and \$19,000, but a higher experience increment, yielding a per teacher salary increase of \$1,775 in 1989-90 and \$1,899 in 1990-91.

The Final Offer of the Board is attached hereto as Appendix "A", and that of the Association as Appendix "B".

## **II. The Statutory Criteria**

This dispute is governed by the terms of Section 111.70(4)(cm)7, the Municipal Employment Relations Act. MERA dictates that arbitration awards be rendered after a consideration of the following criteria:

- "7. Factors considered. In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator shall give weight to the following factors:
  - a. The lawful authority of the municipal employer.
  - b. Stipulations of the parties.
  - c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

d. Comparison of wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes performing similar services.

e. Comparison of wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes generally in public employment in the same community and in comparable communities.

f. Comparison of wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes in private employment in the same community and in comparable communities.

g. The average consumer prices for goods and services, commonly known as the cost-of-living.

h. The overall compensation presently received by the municipal employes, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity of employment, and all other benefits received.

i. Changes in any of the foregoing during the pendency of the arbitration proceedings.

j. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration or otherwise between the parties in the public service or in private employment."

While every factor is not extensively discussed, each has been fully considered in arriving at this Award.

### III. Positions of the Parties

#### A. The Position of the Board

The Board takes the position that this dispute must be viewed in the context of the entire bargain between the parties. While the Association looks only to the salary dollars generated by each schedule, the Board considers the total package, including major changes such as the addition of a salary lane, increased insurance costs, additional flexibility in relieving teachers of extra-curricular assignments, and a trade-off between teacher payment of the \$50 health insurance deductible and Board acceptance of an improved and more costly dental insurance plan.

The Association's focus on a salary-only costing method, and a theory of "catch-up" that has repeatedly been rejected by past arbitrators, means that the Board's total package costing must be accepted in this proceeding. The Board calculates the costs as follows:

1989-90 School Year	Salary Only Costs		Total Package Costs	
	\$	%	\$	%
Board Offer	\$1,442	5.7%	\$2,203	6.7%
Association Offer	\$1,759 <sup>1</sup>	6.9%	\$2,583	7.8%

1990-91 School Year	Salary Only Costs		Total Package Costs	
	\$	%	\$	%
Board Offer	\$1,454	5.4%	\$2,310	6.6%
Association Offer	\$1,899	7.0%	\$2,843	8.0%

In arriving at total package figures for the second year, the Board has been forced to make reasonable and conservative assumptions about insurance costs. While the Board assumes a 20% increase in health premiums and 5% for dental premiums, the actual figure cannot be known, and the Board's open ended liability should be considered in deciding which salary offer is the more reasonable. Each 5% rise in health premiums adds 0.4% to the total package, and the Board argues that its offer is very likely to cost more than the projected 6.6%, just as the Association's is likely to exceed 8.0%.

<sup>1</sup> The Association costs its salary offer in 1989-90 at \$1775 per returning teacher. This discrepancy has no major impact on the dispute, and for the purposes of analysis, the undersigned accepts each party's costing of its own salary offer.

The comparables for Berlin have been determined in two prior arbitrations, and the Board maintains that sound arbitral policy requires acceptance of the East Central Athletic Conference. The Association's attempt to introduce data on statewide comparables should be rejected, both because of the prior Awards, and because of the widespread rejection of such figures by arbitrators. Statewide salary settlements have no bearing on the local labor market, nor do they provide any reasonable guidance as to what local bargainers believe to be the most reasonable settlement of salary issues.

The Board argues that the settlements in comparable district must be viewed in the same light as the offers in this case -- that is, as part of an overall package. Settlement information is available for Hortonville, Waupaca and Little Chute in the 1989-90 school year, and for Waupaca and Little Chute in 1990-91. Given the tremendous impact of insurance costs on total compensation costs in the current bargaining environment, the arbitrator must be mindful of the insurance concessions and guarantees obtained in other districts when attempting to judge the reasonableness of the salary offers here in comparison to the salary settlements in other Districts. Specifically, the bargainers in Little Chute capped the Board's liability for insurance increases at 20% for health insurance and 5% for dental insurance in the second year. The Waupaca negotiators saved 5% of the total health insurance costs by switching carriers and adding a \$100/\$200 annual deductible to the plan. These concessions allowed for higher salary settlements. No such offsets are present in Berlin. The Board also notes that the exposure of the Hortonville and Waupaca Districts to premium increases is limited by their 85% contributions to the family premium costs. This compares to Berlin's 92% share of the insurance burden. The savings on insurance realized in other districts have not been realized in Berlin, and this decreases somewhat the money available for the salary component of the total compensation package.

Comparing the offers to the settled averages, the Board argues that its offer is plainly the more reasonable:

	1989-90 School Year				1990-91 School Year			
	Salary Only		Package		Salary Only		Package	
	\$	%	\$	%	\$	%	\$	%
Settled Average	1525	5.6	2246	6.1	1679	5.7	2512	6.3
Board Offer	1442	5.7	2203	6.7	1454	5.4	2310	6.6
+/- Average	- 83	+1	- 43	+6	- 225	-.3	-202	+1.3
Settled Average	1525	5.6	2246	6.1	1679	5.7	2512	6.3
Association Offer	1759	6.9	2583	7.8	1899	7.0	2843	8.0
+/- Average	+234	+1.3	+337	+1.7	+220	+1.3	+331	+1.7

The only point of comparison at which the Association's offer more closely reflects the settled average is the salary only dollar increase in the second year, where it is \$5 closer than the Board's offer. At each of the other points of comparison the Board's offer is preferable.

The Board's offer is also superior, both in dollar increases and percentage terms, when measured against the average benchmark increases in settled schools. Excluding Waupaca's Schedule Maximum figure for 1989-90 to account for their addition of an extra lane, the Board's offer is the more reasonable at every single benchmark:

1989-90	BA	BA-6	BA Max	MA	MA-9	MA Max	SchMax
Board - \$	+\$339	+\$369	+\$124	+\$377	+\$284	-\$300	+\$247
Board - %	+2.1%	+1.9%	+0.6%	+2.1%	+1.4%	-0.6%	+1.0%
Assoc - \$	+\$ 54	+\$294	+\$224	+\$482	+\$794	+\$480	+\$942
Assoc - %	+0.4%	+1.6%	+1.0%	+2.7%	+3.4%	+2.0%	+3.3%

1990-91	BA	BA-6	BA Max	MA	MA-9	MA Max	SchMax
Board - \$	+\$308	+\$118	- \$66	+\$466	+\$142	- \$45	- \$84
Board - %	+1.8%	+0.7%	-.01%	+2.6%	-1.0%	+0.3%	+0.2%
Assoc - \$	+\$ 43	+\$243	+\$584	+\$ 39	+\$336	+\$563	+\$542
Assoc - %	+0.4%	+1.3%	+2.2%	+0.4%	+1.6%	+2.1%	+2.1%

This analysis shows the serious flaw in the Association's approach of distributing salary monies in disproportionately large amounts to the top of the salary schedule. While the Association and Board offers both exceed the average, the Association offer is greatly in excess of the average at the upper reaches of the schedule in both years.

The actual salaries at the benchmarks provide no support for the Association's claim of "catch-up". The Board acknowledges that its ranking is low within the conference, but notes that the salary figures for schools in the conference are very tightly bunched together, and rankings are therefore not particularly important. When actual salaries are examined, the District's teachers are below average, but certainly not so far below the average as to justify a larger than normal salary increase. The Board points out that the existing schedule is the result of collective bargaining, and that the arbitrator cannot know what tradeoffs occurred in previous negotiations that might have led to a slightly more modest salary in this district. The simple truth is that someone will always be below average, and that fact standing alone cannot lead to a catch-up pay increase. This is particularly true where, as here, the gap has been closing at the salary maximums, where the Union would allocate most of the salary money, and the District has generally maintained its position at the other benchmarks. The salaries in the District are competitive, and there is simply no need for an extraordinary increase. In this regard, the Board notes that its offer already exceeds those available to private sector and non-teacher public sector employees for the relevant years.

The Board urges that the economic and state aids data introduced by the Association be discounted. There is no question of ability to pay in this case, since Wisconsin school districts can always raise taxes to pay. The true issue is which offer best meets the statutory criteria. The Board points to the historical evidence of large real wage increases in Berlin over the past six school years, and adds that the cost of living criterion to the comparability criterion as offering support for its offer. Salary increases should generally track the cost of living, and that pattern has not been followed in this District. The Board argues that this criterion should be given independent weight, and cites Arbitrator Gunderman's Reedsville Award for the proposition that subsuming the CPI in the comparisons with other settlements is contrary to the mandates of Section 111.70.

Turning to considerations of total compensation, the Board notes the undersigned's Port Washington-Saukville School District Award, wherein the view was expressed that a dispute over health insurance costs should be expressly raised, rather than presented as a salary dispute. The Board urges a rethinking of this in light of the tremendous increases in health insurance premiums experienced in this District. Between 1980-81 and 1989-90, health insurance premiums have increased by 149%

for single coverage and 132% for family coverage, compared to a 48% increase in the cost of living. These enormous cost increases, born primarily by the Board, shape the remainder of the bargain by reducing the monies available for salary and other fringe benefits. Thus the arbitrator should find that total package costs are extremely relevant to this dispute, just as other arbitrators have repeatedly found them relevant to other salary disputes.

The Board next addresses the interests and welfare of the public, pointing out that the total income for District taxpayers ranks second lowest in the conference, while property taxes rank second highest. Many area farmers are still suffering the effects of the drought. In light of this, and the fact that the District has no difficulty in attracting and retaining qualified teachers, the arbitrator should favor the more modest offer of the District. The Board insists that the arbitrator must be sensitive to overall political climate favoring property tax relief, as well as the data showing Wisconsin's residents put forth the third highest tax effort in the nation, while ranking 23rd in per capita income and 14% below average in tax capacity. Given the political and economic realities, the Board's offer best strikes the balance between the needs of the teachers and the interests of the public.

Finally, the Board cites the "other factors" criterion, arguing that its commitment to pay 92% of the as yet unknown costs of insurance in the second year of the contract should count heavily in its favor. The Board has shown good faith in maintaining existing benefits when it could easily have placed them in issue, and credit should be given for the stipulations when considering which offer is the more reasonable.

For all of the foregoing reasons, the Board urges adoption of its final offer.

#### B. The Position of the Association

The Association takes the position that its position on salary is consistent with the proven need for District teachers to catch-up with their counterparts in other districts, is well within the Board's ability to pay, and best serves the interests of the public.

At the outset, the Association asserts that the primary comparables for this dispute are the schools of the East Central Athletic Conference. Three of these schools --

Hortonville, Waupaca and Little Chute -- have settlements in place for 1989-90, with Waupaca and Little Chute being settled for 1990-91. The Hortonville settlement, however, must be discounted as it is the third year of a three year contract and because there are various other distinguishing features to that agreement. Thus Waupaca and Little Chute are the most important points of comparison.

The Association directs the arbitrator's attention to exhibits showing an erosion of relative position vis-a-vis both conference and statewide averages at every benchmark. This pattern has shown itself over a ten year period, and has resulted in salaries that are at or near the bottom of the conference at all points of comparison:

#### 1988-89 Benchmark Rankings

<u>BA Minimum</u>		<u>BA + 7</u>		<u>BA Maximum</u>	
Little Chute	\$19,100	Little Chute	\$24,066	Hortonville	\$29,860
Ripon	\$18,320	Omro	\$23,212	Little Chute	\$28,650
Wautoma	\$18,120	Hortonville	\$22,510	Omro	\$26,782
Hortonville	\$18,100	Wautoma	\$22,470	<b>Berlin</b>	<b>\$26,569</b>
Winneconne	\$18,095	Winneconne	\$22,445	Wautoma	\$26,095
Omro	\$17,855	Ripon	\$22,295	Waupaca	\$25,518
<b>Berlin</b>	<b>\$17,560</b>	<b>Berlin</b>	<b>\$21,718</b>	Winneconne	\$25,345
Waupaca	\$17,070	Waupaca	\$21,678	Ripon	\$25,275
Average <sup>2</sup>	\$18,094	Average	\$22,668	Average	\$26,789

#### 1988-89 Benchmark Rankings

<u>MA Minimum</u>		<u>MA + 10</u>		<u>MA Maximum</u>	
Little Chute	\$21,392	Little Chute	\$29,521	Waupaca	\$32,198
Ripon	\$19,934	Omro	\$27,630	Little Chute	\$32,088
Wautoma	\$19,655	Ripon	\$27,090	Hortonville	\$31,175
Waupaca	\$19,233	Waupaca	\$27,008	Ripon	\$30,885
Winneconne	\$19,140	Wautoma	\$26,729	Wautoma	\$30,659
Omro	\$19,055	Winneconne	\$26,043	Winneconne	\$30,645
<b>Berlin</b>	<b>\$19,014</b>	Hortonville	\$25,820	Omro	\$30,488
Hortonville	\$18,935	<b>Berlin</b>	<b>\$25,512</b>	<b>Berlin</b>	<b>\$29,844</b>
Average <sup>3</sup>	\$19,621	Average	\$27,120	Average	\$31,158

<sup>2</sup> Average excludes Berlin

<sup>3</sup> Average excludes Berlin

**1988-89 Benchmark Rankings**

**Schedule Maximum**

Little Chute	\$33,807
Waupaca	\$32,837
Ripon	\$32,601
Wautoma	\$31,672
Hortonville	\$31,515
Winneconne	\$31,180
Omro	\$31,128
<b>Berlin</b>	<b>\$30,898</b>
Average <sup>4</sup>	\$32,106

Averaging the dollar increases at each benchmark<sup>5</sup> the Association asserts that its offer most closely reflects the settlement pattern:

1989-90	BA	BA-7	BA Max	MA	MA-10	MA Max	SchMax
LittleChute	\$ 825	\$1040	\$1238	\$ 924	\$1275	\$1386	\$1460
Waupaca	\$ 580	\$ 399	\$1085	\$ 654	\$ 798	\$2582	\$3346
Hrtnville	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400
Board	\$ 940	\$ 982	\$1031	\$1036	\$1108	\$1156	\$1177
Assoc	\$ 655	\$ 907	\$1201	\$1141	\$1618	\$1936	\$1872
Average	\$ 702	\$ 719	\$1161	\$ 789	\$1036	\$1984	\$2403

Removing Hortonville, as the third year of a three year agreement, enhances the reasonableness of the Association offer for the first year of the contract. In the second year of the contract, the Association's offer exceeds the conference average, as it must in order to achieve catch-up with other conference schools. While it is difficult to perform a benchmark analysis with only two settled schools, the Association asserts that its offer would maintain the District's current ranking at the BA Base, BA 7th, and BA Maximum. Both parties' offers would improve the ranking at the MA Base. At the MA 10th and Schedule Maximum the Association's offer would improve the ranking by one position. At the MA Maximum, the Association offer would move the District ahead of Winneconne and perhaps Ripon, depending upon the outcome of the arbitration in that district. The Association seeks very modest improvement in the abysmal rankings of the district's teachers, while the District's offer provides for improvement only at the MA Base and directs the

<sup>4</sup> Average excludes Berlin

<sup>5</sup> Average includes Little Chute, Waupaca, Hortonville, the District's final offer and the Association's final offer.

greatest benefits away from experienced career teachers. Even if the Association's offer is accepted, Berlin's teachers will remain in the bottom half of the conference by every measure.

The Association argues that its proposal is also the most reasonable when comparisons are drawn on a total salary per teacher basis. The Association's final offer would grant teachers an increase of \$1,775 in 1989-90 and \$1,899 in 1990-91. The average for the conference, excluding Hortonville, is \$1,790 and \$1,678 in the two years. By contrast, the District proposes increases of \$1,442 (\$348 below the average) and \$1,448 (\$224 below the average).

The District's taxpayers make a smaller contribution per member than is made in any of the other conference districts, and teacher compensation forms a lower percentage of total costs in Berlin than in 90% of the other schools in the state. Further, the levy rate is lower in Berlin than the average for the conference. This all results from the lower than average pay in the district, and the higher than average ratio of pupils to teachers. The district's teachers are, in short, performing more work for less pay than their counterparts. The Association's offer makes a minor effort to improve pay, while doing nothing to address the workload issue. The cost of this modest improvement would be \$2.15 per month in taxes for a \$70,000 home. The District maintains an extremely high general fund balance, and has recently received a tremendous increase in state aids. In the face of this economic data, there can be no doubt that the District can well afford to pay its fair share of salary costs under the Association's final offer.

The Association points to the average benchmark salaries across the state as further evidence of the significant disparity between the pay received by Berlin teachers and that of similarly situated public employees. Both parties' offer continue the erosion relative to state averages, although the Association's lessens the rate of erosion. Given the robust farm economy in the Berlin area, and the frequent efforts of the Board to tie the economic well-being of teachers to that of farmers, it is only fair that the teaching staff share in the area's economic upturn.

The Association has suffered from a schedule with too many experience steps in the past, thus making it non-comparable. Arbitrator Yaffe noted this phenomenon in his Award for the 1984-85 school year. While accepting the Association's claim that catch-up pay was appropriate, he rejected the Association's attempt to correct the structural defect by increasing the increments, and awarded for the District. This resulted in a below average settlement at five benchmarks.

In the following year, the Association again sought to correct the structural problems in arbitration. Arbitrator Briggs rejected the effort, even though the resulting salary increases were the lowest in the conference. Since these Awards, which

hastened the erosion of relative position, the Board has been unwilling to make any effort to close the gap, and the Association therefore turns to arbitration again, this time to correct the losses realized in the prior arbitrations.

The Association rejects the Board's efforts to compare increases in CPI with the salary being paid to a hypothetical teacher advancing through the salary schedule. This approach ignores the increased value of the teacher as he or she gains experience. It also ignores the overwhelming weight of arbitral authority measuring CPI by the bargains struck in other area districts.

The Association also takes exception to the Board's citation of the salary settlement in Hortonville. At \$400 per cell, it obviously atypical. The third year of the contract is an offset for the much higher than normal 9.9% salary increase in the second year. If the average of the two years is used, the third year increase is \$1,705, which is more in line with both the current settlement pattern and the final offer of the Association.

While the District has introduced a great deal of exhibitry on insurance benefits, the Association notes that insurance is not an issue. Further, the health benefits in Berlin do not greatly deviate from the norm, nor do the premiums paid by the District. The premium increase was the third lowest in the conference in 1989-90, and the District is one of only three in the conference having less than 100% of the premium paid by the employer. Similarly, the dental insurance benefits are fairly standard, and the premium cost is below average. Again, the District is one of the few in the conference that does not offer full payment of the premiums.

For all of the foregoing reasons, the Association urges that its position be adopted.

#### **IV. Discussion**

Two issues need be resolved at the outset in order to determine which offer is the more reasonable. First, whether the salaries in Berlin are so low as to justify a larger than normal increase in order to catch-up to the remainder of the conference schools. Second, how to treat for comparison purposes the salary settlement in Hortonville and the addition of an MA+12 lane to the schedule in Waupaca.

##### **A. Catch-Up Increases**

The essence of the Association's catch-up argument is that salaries in the District are non-competitively low, and have been eroding for years. The following chart is constructed from Association Exhibits 18a through 18g:

Berlin Benchmarks Relative to the Conference Averages

	1986-87	1987-88	1988-89
BA Base - Conf. Average	\$16316	\$17178	\$18094
Berlin	\$15758	\$16608	\$17560
% of ave.	96.58%	96.68%	97.05%
BA 7th- Conf. Average	\$20371	\$21493	\$22668
Berlin	\$19478	\$20550	\$21718
% of ave.	95.62%	95.61%	95.81%
BA Max. - Conf. Average	\$23975	\$25359	\$26789
Berlin	\$23818	\$25149	\$26569
% of ave.	99.35%	99.17%	99.18%
MA Base - Conf. Average	\$17722	\$18641	\$19621
Berlin	\$17058	\$17986	\$19014
% of ave.	96.25%	96.49%	96.91%
MA 10th - Conf. Average	\$24393	\$25733	\$27120
Berlin	\$22863	\$24142	\$25512
% of ave.	93.73%	93.82%	94.07%
MA Max. - Conf. Average	\$27965	\$29546	\$31163
Berlin	\$26733	\$28246	\$29844
% of ave.	95.59%	95.60%	95.77%
Schedule Max. - Conf. Ave:	\$28835	\$30462	\$32106
Berlin	\$27683	\$29256	\$30898
% of ave.	96.00%	96.04%	96.24%

The District's benchmarks run at about 96.5% of the mean salary for the conference. This reflects the phenomenon commented on by Arbitrator Briggs, that conference salaries tend to be bunched closely together, rendering changes in rank somewhat less meaningful than they might ordinarily be as a tool of measurement.

Notwithstanding the Association's assertion that it is losing ground, the chart above shows that at every benchmark some improvement has been made relative to the conference average over the past three contract years. The Association's analysis, of course, encompasses an eight year period, including awards in favor of the District in the 1984-85 and 1985-86 school years. The relative salary position within the conference as of the last contract year reflects the outcome of three years of voluntary collective bargaining in the aftermath of the adverse awards. An appeal to catch-up is an invitation to reopen the past bargains, and second guess the judgments and tradeoffs made by the parties in arriving at their overall agreement. Only in the face of clearly inequitable and/or uncompetitive salary levels should an

arbitrator accept such an invitation. Even in that case, some evidence should be presented to suggest that the salary shortfalls have not been made up in some other element of the compensation package. Here, the Association has shown that it is below the average. It will always be the case that about half of the schools will be below the average, and standing alone this showing does not call for extraordinary salary increases.

While the overall claim for catch-up increases is not sufficiently established in the record, the undersigned does note that the evidence shows a weak spot in the schedule at the MA 10th which might appropriately receive more attention than other benchmarks in the distribution of available salary dollars.

#### B. Comparisons With Similar Employees

Both parties accept the East Central Athletic Conference as the primary comparables. The Association also makes reference to statewide averages. While the removal of the phrase "in comparable communities" from the statutory criterion addressing public employees performing similar services serves to expand the comparison pool, the undersigned shares the opinion of the majority of arbitrators that statewide comparisons are entitled to little weight in determining the proper level of settlement in any specific community. This is particularly true where they are at odds with the area pattern of settlements.

The athletic conference has three settled schools out of seven possible comparables for the first year of the contract -- Hortonville, Waupaca and Little Chute. Hortonville is the third year of a three year agreement. Waupaca made structural changes to add an MA+12 educational lane in the first year. The Association urges that Hortonville be discounted as non-comparable, while the District urges that the 1989-90 Schedule Maximum in Waupaca must be disregarded in order to achieve meaningful comparisons.

The Hortonville settlement was significantly front-loaded, with large increases at the benchmarks in the first two years, and a flat \$400 per cell in the third year. For comparison purposes, the increases at the benchmarks have been averaged across the last two years of the contract in the following chart. Even with this modification, the undersigned remains mindful of the lesser weight to be given the Hortonville settlement, as it was negotiated in different economic times.

The Waupaca teachers and board modified their structure to increase the educational lanes. The result of this modification was to direct large amounts of money to the lower right hand side of the schedule in 1989-90. For comparison purposes in 1989-90, the Schedule Maximum shown on the following chart reflects the increase at the former Schedule Maximum, the MA+6.

<u>1989-90</u>	<u>BA</u>	<u>BA-7</u>	<u>BA Max</u>	<u>MA</u>	<u>MA-10</u>	<u>MA Max</u>	<u>SchMax</u>
LittleChute	\$ 825	\$1040	\$1238	\$ 924	\$1275	\$1386	\$1460
Waupaca	\$ 580	\$ 399	\$1085	\$ 654	\$ 798	\$2582	\$2637 <sup>6</sup>
Hortonville <sup>7</sup>	\$ 700	\$ 925	\$1300	\$ 700	\$1037	\$1300	\$1300
Average	\$ 702	\$ 788	\$1208	\$ 759	\$1037	\$1756	\$2167
Board	\$ 940	\$ 982	\$1031	\$1036	\$1108	\$1156	\$1177
[- 987]	+238	+194	-177	+277	+71	-600	-990
Assoc	\$ 655	\$ 907	\$1201	\$1141	\$1618	\$1936	\$1872
[+913]	-47	+119	-7	+382	+581	+180	-295

The final offer of the Board is reasonable when one considers the BA Base, BA-7th, MA Base and MA-10th. It is not competitive at the BA Maximum, MA Maximum or Schedule Maximum, where the Association's final offer more closely reflects the settlement average. Given the previously noted weakness of the MA 10th, the excessive increase proposed by the Association at that benchmark does not weigh as heavily against its final offer as it otherwise might. Further, the Board's offer has a greater total deviation from the average benchmark increases than does the offer of the Association. By this analysis, the final offer of the Association is slightly preferable in the first year of the contract.

In the second year, Waupaca and Little Chute have achieved voluntary settlements:

<sup>6</sup> Waupaca Schedule Maximum reflects the MA+6 in 1989-90 for comparative purposes.

<sup>7</sup> Hortonville benchmark figures average the increase between 1988-89 and 1989-90.

<b>1990-91</b>	<b>BA</b>	<b>BA-7</b>	<b>BA Max</b>	<b>MA</b>	<b>MA-10</b>	<b>MA Max</b>	<b>SchMax</b>
LittleChute	\$ 815	\$1026	\$1222	\$ 913	\$1260	\$1369	\$1443
Waupaca	\$ 670	\$ 838	\$1010	\$ 755	\$1057	\$1232	\$1375
Average	\$ 742	\$ 907	\$1116	\$ 834	\$1158	\$1300	\$1409
Board	\$1050	\$1050	\$1050	\$1300	\$1300	\$1300	\$1325
[+909]	+308	+143	- 66	+466	+142	+0	- 84
Assoc	\$ 785	\$1175	\$1630	\$ 873	\$1494	\$1908	\$1951
[+2350]	+43	+268	+514	+ 39	+336	+608	+542

The Association's second year is quite excessive when compared with the settlements in Waupaca and Little Chute, particularly at the BA Maximum, the MA Maximum and the Schedule Maximum, where the increase is some 40% over the norm. This reflects the intended catch-up pay increase, but that argument has already been discussed and rejected. Even granting that the second year settlements represent a very small sample, the final offer of the Board is strongly preferred by this analysis.

Examining the two year increases in each offer compared against the other two year settlements in the conference, the Board's offer receives support as the more reasonable overall:

<b>1989-91</b>	<b>BA</b>	<b>BA-7</b>	<b>BA Max</b>	<b>MA</b>	<b>MA-10</b>	<b>MA Max</b>	<b>SchMax</b>
LittleChute	\$ 825	\$1040	\$1238	\$ 924	\$1275	\$1386	\$1460
LittleChute	\$ 815	\$1026	\$1222	\$ 913	\$1260	\$1369	\$1443
Waupaca	\$ 580	\$ 399	\$1085	\$ 654	\$ 798	\$2582	\$2637 <sup>8</sup>
Waupaca	\$ 670	\$ 838	\$1010	\$ 755	\$1057	\$1232	\$1375
2 Year Ave	\$1445	\$1651	\$2277	\$1623	\$2195	\$3284	\$3457
89Board	\$ 940	\$ 982	\$1031	\$1036	\$1108	\$1156	\$1177
90Board	\$1050	\$1050	\$1050	\$1300	\$1300	\$1300	\$1325
2 YrTotal	\$1990	\$2032	\$2081	\$2336	\$2408	\$2456	\$2502
[-127]	+ 545	+ 381	- 196	+ 713	+ 213	- 828	- 955
89Assoc	\$ 655	\$ 907	\$1201	\$1141	\$1618	\$1936	\$1872
90Assoc	\$ 785	\$1175	\$1630	\$ 873	\$1494	\$1908	\$1951
2 YrTotal	\$1440	\$2082	\$2831	\$2014	\$3112	\$3844	\$3823
[+3214]	- 5	+ 431	+ 554	+ 391	+ 917	+ 560	+ 366

<sup>8</sup> Waupaca Schedule Maximum reflects the MA+6 in 1989-90 for comparative purposes.

The Association's proposal over the two years is preferable only at the MA Maximum and the Schedule Maximum, while the Board's offer more nearly reflects the conference settlements at the remainder of the benchmarks. Overall deviation from the norm supports the Board, although this advantage is again somewhat reduced when one takes into account the weakness of the schedule at the Ma 10th and the appropriateness of a higher increase at that benchmark under the Association's offer. On balance, however, the offer of the Board is the more reasonable when compared with settlements in conference schools over the two years of the contract.

When salary only increases are considered, the Association's position prevails in the first year, and the District's in the second. Discounting the Hortonville three year agreement, the average increase in the conference was \$1,768.50 per teacher, or 6.55%, in 1989-90. The Board proposes \$1,442 per teacher, or 5.7%. The Association's offer is \$1,775 per teacher, or 7.0%. In the second year, the average is \$1,679 per teacher, for an increase of 5.7%. The Association seeks \$1,899, again 7.0%, while the Board proposes a 5.4% increase, to \$1,454.

Comparison of the final offers with the settlements in the conference yields a slight advantage to the Board. The Association's offer is more reasonable in the first year of the contract when the Hortonville settlement is disregarded, but the second year increases in the Association offer greatly exceed the norm for the area. The Board's offer, while unreasonably low at the MA Maximum and Schedule Maximums, more closely tracks the conference pattern at the majority of the benchmarks and in percentage of increase across the two years.

### C. Total Compensation

The Board relies heavily upon total package comparisons, noting that the rising cost of health insurance makes this element an increasingly significant component of the overall compensation package. Certainly the total costs of the settlement cannot be disregarded when judging which offer is more reasonable under the statute. Both criterion "b" -- stipulations of the parties -- and criterion "h" -- total compensation -- dictate that the entire bargain be weighed.<sup>9</sup> The total costs of the packages are compared with the settlement averages in the following chart:

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<sup>9</sup> The Board cites my Award in Port Washington-Sankville Schools Dec. No. 25016-A (Nielsen, 9/19/88) as rejecting the total package approach. The Board misreads the Award. In Port Washington, the Association's position on salary was plainly more reasonable when compared with other

School Year	1989-90		1990-91	
	Total Package Costs \$	%	Total Package Costs \$	%
Conference	\$2,417	6.5%	\$2,512	6.3
Board Offer	\$2,203	6.7 +0.2%	\$2,310	6.6 +0.3%
Assoc. Offer	\$2,599	7.9 +1.4%	\$2,843	8.0 +1.7%

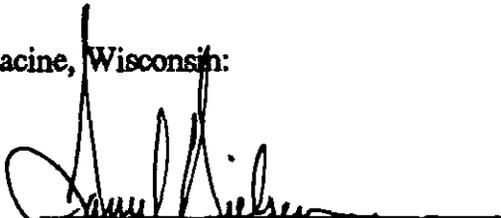
The conference package costs amount to 12.8% over the two years. The Board offers a two package of 13.3%, while the Association seeks 15.9%. In absolute dollar terms, the Association asks for a package settlement in excess of the two year average by \$513, while the Board's offer fall short by \$416. By either measure, the Board's offer more closely reflects the average for increases in total compensation costs.

On the basis of the foregoing, and the record as a whole, the undersigned makes the following

### AWARD

The final offer of the Berlin Area School District is the more reasonable under the statute and, together with the stipulations of the parties, shall be incorporated into the parties collective bargaining agreement for the school years 1989-90 and 1990-91.

Signed this 20th day of May, 1990 at Racine, Wisconsin:

  
Daniel Nielsen  
Arbitrator

salary settlements. A hefty increase in insurance rates yielded a package in excess of the area norms. The Board promised its lower salary offer on the theory that the Association should make concessions on insurance as a *quid pro quo* for its salary position. In that case, however, the Association had, in prior bargains, already made many of the insurance concessions suggested by the Board. Further, the Board did not choose to make any proposal on insurance or offer any suggestion as to how its salary offer would reduce insurance rates. The case does not stand for the proposition that total package costs may be disregarded. It does stand for the proposition that an offer which is favored under the total compensation criterion will not necessarily prevail over one strongly favored under the comparison criteria. It also points up the risks inherent in approaching a problem such as insurance obliquely rather than directly.